



**Working for the people and
communities of the 32nd District**

Rep. Maralyn Chase

The 2004 Legislative Session Wrap-Up

Dear Neighbors,

I am very happy to be back in the 32nd Legislative District after a whirlwind sixty-day session. Among the pleasures of serving as your representative in the State Legislature is the opportunity to serve on the Trade and Economic Development Committee and the Higher Education Committee.

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Kudos to our K-12 Public Education System

Today's knowledge-driven, trade-dependent economy requires that we market ourselves to the world. Governor Locke developed a marketing strategy for the innovation economy in which he proudly proclaims that Washington ranks 1st among the states in residents per capita with a high school diploma. We also rank 12th in residents per capita with a 4-year degree.

Kudos to our K-12 public education system for delivering this outstanding performance! Public education in my view is the most important contribution our democracy has made to global civilization. It is also our strongest asset when competing in the global economy.

The strategic master plan for our legislative activities – our State Constitution – mandates that we provide for public education before all other expenditures. The framers knew that an educated population is a self-sufficient population. Educated citizens are healthier, require fewer social services, and contribute to economic activities that expand the tax base, which in turn supports our vital government activities.

To compete in the global economy of the 21st century will require new and innovative ways of learning about and solving the problems of an increasingly shrinking world. One of the major challenges we face in the future is energy concerns. With greater demand for a finite amount of resources as we are seeing in skyrocketing oil and fuel prices, we must look at renewable sources of energy.



There is enormous, untapped potential in our wind, solar, geothermal, gas, biomass and tidal energy sources. According to the Institute for America's Future, if we developed 10% of the wind potential in our nation's 10 windiest cities, the clean energy produced would reduce U.S. carbon emissions by one third. We must advance public policy such as this, and promote energy efficient automobiles, factories, buildings and appliances. Improving public transportation options and revitalizing urban centers is also very important.

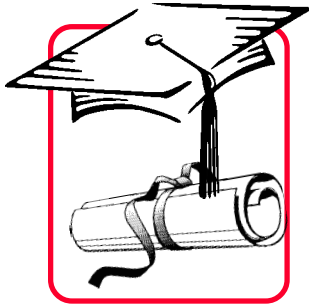
Locally, I am supporting the effort to install solar panels on our elementary schools. Not only would solar panels provide electricity to the school, they would also create a unique learning opportunity for students as well. This is a wonderful chance to promote clean



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technology and teach our children about the importance of "green" power and the protection of our shared environment.

In addition, I proposed legislation this past session to spur greater investment in wind and solar power. Both House Bills 2445 and 2758 would have provided tax and cost-recovery incentives for these burgeoning industries. I believe the future lies in reducing energy costs in an eco-friendly way. By investing in and attracting these new forms of power generation to Washington, we will be at the forefront of the energy revolution, providing good jobs and a better business climate for our state.



Supporting K-12 Education by opposing Charter Schools

I vigorously fought against HB 2295 the charter school bill that ultimately passed into law. In my view, charter schools are an expensive experiment that distract from investing in quality public schools for all children.

I reminded my colleagues that we know how to educate children in our communities: small class sizes and well-paid teachers. We are 46th among the states in class size. If we have the resources, we ought to lower class size and pay our teachers according to Initiative 728 and 732.



Draining more resources away from our public schools to support experimental charter schools does nothing to address our responsibility to fully fund basic education. I argued that this is not the time to be taking money out of our existing public schools to experiment on unproven theories. The bill provides for measures that allow schools to be created

outside the oversight of locally elected school boards by allowing groups to petition directly to the state Office of Public Instruction to establish an experimental charter school with public tax dollars.

Making Responsible Policy Choices

Tax exemptions, exclusions, deductions, credits, deferrals, and preferential rates are known as tax preferences. No matter how we look at it, tax exemptions are lost revenue to the state general fund. Moreover, tax exemptions shift the tax burden

by raising taxes on the rest of us. In the next biennium, we expect a \$1 billion "shortfall" in expected tax revenues. We have three choices: cut the budget; raise taxes; or end tax exemptions where it makes sense.

Every four years the Department of Revenue publishes a report listing "tax preferences" called the DOR Tax Exemptions Manual at www.dor.wa.gov. The latest report, published January 2004, lists 503 tax exemptions totaling \$65 billion and includes those exemptions granted to churches and non-profits.

Less than 30 percent of all property is taxed because of exemptions. Some exemptions are required under the Constitution — (churches, Indian lands, federal installations). Most exemptions however, are created by the Legislature for apparently worthy causes. Many exemptions have not been reviewed in years. Indeed, over 70% of the current exemptions date from legislation enacted in the 1930s.

A responsible tax revolt would demand review and justification of all tax exemptions. At the very least, we need an open discussion about the tax shift to the shoulders of the regular taxpayer. The DOR study asserts that the 503 tax exemptions total \$64.7 billion, and represents about \$13.6 billion for potential state or local government revenue.

This year I sponsored HB 2654, which would require a tax expenditures report every two years along with the governor's budget. This would allow us to properly identify these exemptions as expenditures. Current tax exemptions exceed state revenue by 160 percent. Meanwhile, the amount of revenue lost to exemptions keeps growing while we dismantle the services for our seniors and our citizens with developmental disabilities and shortchange our public education system.

Protecting our Public Sector Services

Fircrest – one of the top 10 nursing home facilities in the United States – is a prime example of the destruction of an entire delivery system of services to our disabled citizens. Sometimes "privatizing" state services only means dismantling the systems that deliver the services.

Fifty-five percent of our state's developmental disabled live in the Puget Sound Corridor. Citizens are being forced out of Fircrest at \$200 per day to private facilities costing \$800 per day. This last budget increased the average cost per day to \$300 for private placement. If the move to shut down Fircrest is successful, we will truly have lost a great community asset. I am not giving up the fight to keep Fircrest operational.

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Another prime example of the dismantling of vital services is the crisis in nursing homes. Instead of adding capacity, which is what we should be doing for our aging population, nursing homes are closing in record numbers. In the last year, eleven nursing homes have closed in our state with the loss of over 1000 beds. We have not created a single new nursing home bed since 1996.



In the jargon of the industry, we have "light-care" and "heavy-care" citizens. We can care for our "light-care" citizens in their homes with a bit of daily living assistance. However, our most vulnerable population in long-term care – the too-often invisible population whose

acute disabilities require nursing home services – deserves better.

Understanding the Tax Shift

Paying for infrastructure – electricity, water and wastewater – is becoming very difficult. A proposal for raising revenue to pay for real estate development is known as TIF – Tax Increment Financing and EDGE – Economic Development for Growing Economies – would have us draw boundaries around an area to pay for new infrastructure. How would this happen? The tax revenue generated from the area, which is normally paid into the state's general fund, would instead be paid to retire bonds for infrastructure. Tax Increment Financing diverts tax



revenue from other important public uses. It has been used across the nation to displace community businesses and low-income housing tenants.

This bill had no limitation to areas of blight and no definition of blight. Without this, tax revenue is simply diverted from other important public uses to use by those that don't need it. Without an objective definition of "blight" the interpretation of the term is left to the whims of local officials. With respect to the size limitation for an increment area, it seems appropriate to come up with a different standard for cities of different sizes.

Washington cares – even for our community businesses

Foremost among our concerns in the State Legislature is to improve the ability of Washington's families and individuals to have economic security and meet their basic needs. We are responding to the needs of our dislocated manufacturing workers with retraining through workforce development initiatives. Unfortunately, the needs of our dislocated community businesses are slipping through the cracks.

Multinational firms are moving their plants offshore and dislocating our workforce while real estate developers here at home are moving through our communities under the guise of "transportation efficiencies," "urban renewal" or "smart growth," and are dislocating our community's business districts. Decisions are being made by people who do not conduct their enterprise activities in these communities, but by people who "want the dirt."

Small community businesses have been characterized as "life-style choices." While that may be true, it is also true of the multinational corporations' executives, the factory worker, and the real estate developer. This attitude neglects the fact that small businesses are the backbone of our economy, employing more workers than the mega-corporations. We all make choices for our families and ourselves in how we earn our living and provide the economic security for our families. However, we should not allow our public tax dollars to be used to assist the people who are putting us out of business with no or inadequate compensation or inclusion in the solution.

One solution we are considering is creating a process similar to the federal National Environmental Policy Act (NEPA) process. It requires real facts and figures from the businesses, property owners and citizens. It also requires developers to assess the impact of their plans on community businesses – something they do not have to do now.

Our community businesses do not want to relocate to another labor market. They pay their share of the taxes, support their families and contribute to their communities. We consider the property owners of the dirt but not to the businesses that occupy the space. We can do better. It is no longer simply enough to replace the small family businesses with box stores – now we have to make room for smart growth with cookie cutter development for international franchise operations to displace our family businesses.

I introduced a bill that addresses these problems and provides for community mitigation. HB 2757 provides relief

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from projects that result in adverse economic impacts on community businesses and citizens. I look forward to moving this bill through the legislative process.

Follow-Up: Healthy Schools and Water



Thirty years after the passage of the federal Safe Drinking Water Act put limits on approximately 90 contaminants in drinking water, we are still struggling to meet these standards for our schools. Nationally, the majority of children still attend schools where water quality goes unregulated and in some places sub-standard.

We have even seen this in our own community, and it is an unacceptable breach of the public trust.

We must ensure the learning environment in which we place our children is safe from unnecessary health hazards. In particular, we must guard against heavy metal contamination (lead, cadmium) which can cause life long cognitive impairment. I am committed to seeing that all schools across our state surpass the federal standards for safe drinking water. We don't allow unhealthy water in our homes; schools should be any different.

I welcome your comments and discussion on anything in this newsletter. Due to election year restrictions, this will be the last newsletter until next session. But you can contact me directly at any time in Olympia:

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